Pills

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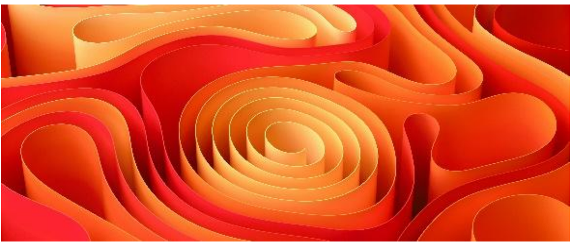

TOPICS:

Technology

SOURCE:

Financial Stability Board

FSB Consults on Sound Practices for the Responsible Adoption of Artificial Intelligence (AI)

- The **FSB consultationrReport** sets out a **principles-based framework to help financial institutions adopt AI** in a manner that supports innovation while managing risks to firms and the broader financial system. The FSB is inviting comments on this consultation report and the questions set out within it: **responses should be submitted by 22 July 2026**.
- The report recognises that AI can deliver significant **benefits**, including improved operational efficiency, enhanced customer services, stronger risk management and better cyber defence capabilities. At the same time, AI adoption introduces **risks** related to governance, model performance, explainability, data quality, cyber security, third-party dependencies and potential impacts on financial stability.
- To address these challenges, the FSB proposes **12 sound practices** covering both organisation-wide governance and AI lifecycle management. Key recommendations include strong board and senior management oversight, clear accountability structures, comprehensive AI risk management frameworks and ongoing investment in skills and organisational adaptability. The report also emphasises the importance of assessing the materiality and risks of AI use cases, ensuring robust data governance, maintaining appropriate transparency and explainability, monitoring performance throughout the AI lifecycle and implementing effective human oversight.
- The framework further highlights t**he need to manage AI-related cyber and ICT risks**, as well as risks arising from reliance on **third-party AI providers**, including concentration, supply-chain, and business continuity concerns.
- Importantly, **the proposed practices** are not intended to create a new international standard or impose prescriptive requirements. Instead, they **provide a flexible and proportionate framework** that can be adapted according to the size, complexity, interconnectedness, and risk profile of individual financial institutions.